

## Message Text

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42

ACTION IO-10

INFO OCT-01 ARA-06 EUR-12 EA-06 ISO-00 IOE-00 OIC-02 SS-15

SP-02 L-02 H-02 NSC-05 USIE-00 AID-05 EB-07 CIEP-01

TRSE-00 STR-01 OMB-01 CEA-01 COME-00 AF-06 NEA-09

CIAE-00 INR-07 NSAE-00 PA-01 PRS-01 SSO-00 NSCE-00

INRE-00 /103 W

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O R 211145Z MAR 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 4404

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

USUN NEW YORK 518

USMISSION OECD PARIS

USMISSION EC BRUSSELS

USMISSION GENEVA

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FROM USDEL UNIDO II CONFERENCE

EO 11652: N/A

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TAGS: EGEN, UNIDO

SUBJECT: UNIDO II: DRAFTING COMMITTEE - LANGUAGE ON INDEXATION  
AND PRODUCERS' ASSOCIATIONS

REF: LIMA 2274

SUMMARY: INITIAL WORK COMPLETED ON PREAMBLE OF DECLARATION.  
EC COUNTRIES HAVE AGREED TO LANGUAGE IMPLYING SOME FORM OF  
INDEXATION AND ARE READY TO SUPPORT LANGUAGE ON PRODUCERS'  
ASSOCIATIONS GOING BEYOND AUTHORITY GRANTED TO USDEL. USDEL  
ATTEMPTING TO HAVE ISSUES SUCH AS INDEXATION REFERRED TO  
APPROPRIATE BODIES. ACTION REQUESTED: APPROPRIATE GUIDANCE.  
END OF SUMMARY

1. DRAFTING COMMITTEE HAS COMPLETED INITIAL WORK ON PREAMBLE  
OF DECLARATION. AGREEMENT REACHED ON ALL PARAS EXCEPT 8, 9  
AND 19 AND THREE PARAS WHICH GROUP B INTRODUCED FROM PREAMBLE  
OF ITS DRAFT DECLARATION AND PLAN OF ACTION, PARAS 7, 11 AND 17.  
DISPUTED PARAS OF GROUP OF 77 TEXT DEAL WITH CHINESE-SOVIET  
ANTAGONISMS, COLONIALISM AND INDEXATION. EC GROUP HAS AGREED  
TO ACCEPTANCE OF SOME FORM OF INDEXATION, AT LEAST WITHIN  
COMMODITY ARRANGEMENTS AND IS READY TO ACCEPT PRODUCERS'  
ASSOCIATIONS AND A RANGE OF FUNCTIONS FOR THEM.

2. EC PUT FORWARD IN DRAFTING COMMITTEE A REVISION OF PARA 19  
OF GROUP OF 77 PREAMBLE WHICH READ AS FOLLOWS: -OBSERVING  
...ECONOMIC INSTABILITY, AWARE THAT IT IS NECESSARY TO SEEK  
RELATIONS FAIR TO THE CONSUMERS AND PROFITABLE FOR THE PRODUCERS  
BETWEEN THE PRICES OF PRODUCTS EXPORTED BY THE DEVELOPING COUNTRIES  
AND THE PRICES OF PRODUCTS IMPORTED BY THEM IN THE FRAMEWORK OF  
INTERNATIONAL COOPERATION AND IN A WAY COMPATIBLE WITH THE NEED TO  
REDUCE WORLD INFLATION". US AND JAPANESE DEL (MIYAKE)  
CONSIDERED THEMSELVES UNABLE TO JOIN IN THIS AMENDMENT  
WHICH EC COUNTRIES SUCCEEDED IN CONVINCING OTHER GROUP B  
COUNTRIES TO ACCEPT.

3. REACTION OF GROUP OF 77 SPOKESMAN (JAMAICA - WALKER) WAS,  
HOWEVER, COMPLETELY UNCOMPROMISING. HE SAID THIS MATTER WAS  
OF SUCH FUNDAMENTAL IMPORTANCE TO GROUP OF 77 THAT HE HAD NO  
MANDATE TO CHANGE A WORD OF THE PARA. CHAIRMAN (ALGERIA -  
KHERBI) SUGGESTED FORMATION OF SMALL DRAFTING GROUP TO PREPARE  
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TEXT, BUT WALKER INSISTED MATTER TOO FUNDAMENTAL FOR THAT AND  
SUGGESTED LEAVING MATTER ASIDE UNTIL LATER TIME.

4. USDEL INTERVENED TO SUGGEST THAT THIS WAS FIRST OF SEVERAL  
MATTERS TREATED IN DRAFT DECLARATION AND PLAN OF ACTION WHICH  
PROPERLY BELONGED IN OTHER FORUMS WHERE THEY WERE UNDER ACTIVE  
CONSIDERATION AND THAT LANGUAGE SHOULD BE ADOPTED WHICH DID NOT  
JUDGE ISSUES OR PREJUDICE WORK UNDERWAY IN OTHER BODIES. USDEL

PROPOSED THE FOLLOWING TEXT FOR PARA 19: "OBSERVING... ECONOMIC INSTABILITY, AWARE THAT IT IS NECESSARY TO SEEK THROUGH COOPERATIVE INTERNATIONAL DIALOGUE TO DEVELOP A WORLD TRADING SYSTEM, PARTICULARLY COVERING THE COMMODITIES EXPORTED BY DEVELOPING COUNTRIES, THAT WILL PROVIDE PRICES REMUNERATIVE TO PRODUCERS AND EQUITABLE FOR CONSUMERS AND THAT WILL CONTRIBUTE TO WORLD DEVELOPMENT WITH MONETARY STABILITY". US AMENDMENT WAS SUPPORTED BY JAPAN BUT DISCUSSION WAS CUT OFF BY CHAIRMAN WHO WET PARA 19 AND THE TWO PROPOSED AMENDMENTS ASIDE FOR LATER CONSIDERATION.

5. WORKING DELEGATES OF UK AND FRG WERE UNHAPPY ABOUT EC PROPOSAL, BUT THEY REPORTED THAT AGREEMENT ON THIS APPROACH TO INDEXATION HAD BEEN REACHED AT MINISTER LEVEL IN EC COUNCIL AND THAT CONSENSUS IN EC WAS TO ACCEPT SOME FORMS OF INDEXATION, AT LEAST WITHIN COMMODITY ARRANGMENTS.

6. EARLIER IN PARA 18, THE TERM "TERMS OF TRADE" WAS ACCEPTED DESPITE US OPPOSITION AND EXPLANATIONS OF INAPPROPRIATE NATURE OF TERM IN A POLITICAL DECLARATION, USDEL STATED THAT IT MIGHT FIND IT NECESSARY TO ENTER A RESERVE ON THE USE OF THE TERM IN THE DECLARATION, AND WE WILL DO SO IF DEPARTMENT WISHES.

7. EC COUNTRIES ARE ALSO READY TO ACCEPT MANY OF THE REFERENCES TO PRODUCERS' ASSOCIATIONS AND THEIR FUNCTIONS IN THE DECLARATION AND PLAN OF ACTION SUCH AS IN PARA B1(F), PAGE 8 OF PLAN OF ACTION IN ALGIERS TEXT RECEIVED IN DEPT.

8. ACTION REQUESTED: IT WOULD BE USEFUL IF WE COULD BE PROVIDED FURTHER GUIDANCE ON POSITION US SHOULD TAKE WITH RESPECT TO RELATED ISSUES OF INDEXATION AND PRODUCERS' ASSOCIATIONS IN LIGHT OF MOVEMENT ON THESE ISSUES, AT LEAST IN UNIDO II CONTEXT, OF EC COUNTRIES.  
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